

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL MEMORANDUM**

**SB 2650 – HB 3014**

April 22, 2010

**SUMMARY OF AMENDMENT (014921):** Amendment 014921 deletes all language following the enacting clause and requires any licensing authority in the state to suspend, deny, or revoke the license of a person who has defaulted on repayment of a federal family education loan, a student loan guaranteed or administered by the Tennessee Student Assistance Corporation (TSAC), or any other state or federal education or service-conditional loan or scholarship program upon notification of default from TSAC or another guarantee agent. Requires TSAC to provide the debtor notice of suspension, denial, or revocation at least 90 days prior to action unless the debtor pays the entire debt, enters into a payment plan with the guarantor, requests and qualifies for deferment or forbearance, or requests a hearing in writing within 20 days of notice. Requires the Secretary of State to take disciplinary action against any registered athlete agent or applicant for registration that has defaulted on repayment or service obligation. Requires the Tennessee Ethics Commission to take disciplinary action against any registered lobbyist or applicant for registration that has defaulted on repayment or service obligation. Requires the State Board of Education to suspend, deny, or revoke the license of a teacher who is delinquent or in default on a repayment of loan or service obligation. Authorizes TSAC to promulgate rules to determine whether lawyers licensed by the Tennessee Supreme Court and any other profession, trade, occupation, business, or industry licensed by an agency in Tennessee is in default or delinquent on any obligation or repayment under a Federal loan program or program guaranteed or administered by TSAC. Upon determination a service obligation or debt has been satisfied in full, requires TSAC to issue an order that terminates the suspension, denial, or revocation of license.

**CORRECTED FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Revenue - \$108,300/FY10-11/Division of Regulatory Boards  
\$216,600/FY11-12 and Subsequent Years/Division of  
Regulatory Boards

Increase State Expenditures – \$19,100/FY10-11/General Fund  
\$108,300/FY10-11/Division of Regulatory Boards  
\$38,200/FY11-12 and Subsequent Years/General Fund  
\$216,600/FY11-12 and Subsequent Years/Division of  
Regulatory Boards

**SB 2650 – HB 3014 (CORRECTED)**

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

On April 19, 2010, we issued a fiscal memorandum indicating an *impact that was unchanged from the original fiscal note*. Based on further review and additional information provided by the Department of Commerce and Insurance (C & I) regarding the potential for additional hearings that would be held for contested cases, the fiscal impact of the bill is as follows:

### **(CORRECTED)**

**Unchanged from the corrected original fiscal note.**

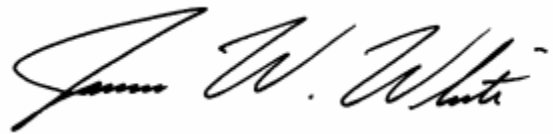
Assumption applied to amendment:

- According to TSAC, any cost for the additional step in approval of new applications or renewals can be accommodated within existing resources without an increased appropriation or reduced reversion.
- According to C & I, this bill may require a licensing authority to conduct an addition contested case hearing under the Uniform Administrative Procedures Act (UAPA) for any other disciplinary actions required by the final order from TSAC. The average cost of a contested case hearing is \$2,600 which includes a court reporter (\$100) and the time for an Administrative Law Judge (\$2,500).
- During the months of February and March 2010, C & I received notice of 41 referrals from TSAC for delinquent debtors. The amount of referrals per year is estimated to be 246  $[(41 / 2) \times 12 \text{ months}]$ .
- Of the 246 referrals to C & I, the Department estimates that 40 percent (98) will result in a hearing for an estimated annual cost of \$254,800  $(\$2,600 \times 98)$ .
- There are a total of 237,454 licensees within the Division of Regulatory Boards within the Department. Of this number, approximately 15 percent (35,211) are contained within Commissioner regulatory programs that are governed by the Department. The estimated annual cost for hearings for these programs is \$38,220  $(\$254,800 \times 15\%)$ . The remaining 85 percent will be paid from the individual board or commission from which the debtor has received the license for a total estimated cost to the board or commissions of \$216,600  $(\$254,800 \times 85\%)$ .
- Given the January 1, 2011, effective date of this bill all revenue and expenditures are figured at 50 percent for FY10-11.

- According to C & I, the boards and commissions will increase fees to cover the cost of the hearings. Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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